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Product Brief

Organic Products

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Report Highlights:

Consumption of organic food in Singapore reached an estimated retail value of S\$8 million in 2002, where the figure represents less than 0.1% of global consumption. Consumption is expected to grow 20% a year. Demand for organic food by an estimated 50,000 organic food consumers is driven largely by increased awareness and availability of organic food, and health and medical reasons. Singapore imports most of the organic food, with limited organic vegetables supplied by domestic organic farms.

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I. Market Overview

Consumption of organic food in Singapore reached an estimated retail value of S\$8 million in 2002, where the figure represents less than 0.1% of global consumption. Consumption is expected to grow by 20% a year. Demand for organic food by an estimated 50,000 organic food consumers is driven largely by increased awareness and availability of organic food, and health and medical reasons. Singapore imports most of the organic food, with limited organic vegetables supplied by domestic organic farms. Australia dominates the organic fresh produce market, while the US leads in most other organic products. Thailand and Malaysia may also be emerging as alternative sources of organic produce due to their proximity to Singapore. Market opportunities identified include Asian-flavored and gluten- and wheat-free organic food.

Advantages	Challenges
The US is perceived as the priority source for buying organic food due to wide variety of choices, including gluten- and wheat-free versions. US certification commands higher recognition.	Lack of support to heighten awareness by US exporters to Singapore importers.
Reasonably established brands supported by expatriates and growing number of health conscious and affluent consumers.	Prohibitive prices of organic food restrict consumption to the affluent. Premiums range from 100% to 300% over non-organic equivalent.
Low tariff barriers encourage US to export to Singapore, which is the gateway to Southeast Asia.	Competition from nearby Australia and New Zealand, which also offer certified suppliers.
	Limited shelf life organic food.

Singapore

Singapore's multi-racial population, which includes foreigners, numbers 4.16 million people, comprising 77% Chinese, 14% Malays, and 7% Indians. English is the lingua franca, followed by Mandarin and other Chinese dialects, Malay, Tamil and other Indian languages. The country offers a wide variety of ethnic and foreign cuisine, in view of its multi-racial composition, free trade and international business practices, and openness to foreign influence. The Malays, who are largely Moslems, abstain from eating pork and drinking alcoholic beverages. Most Indians are Hindus who avoid eating beef. Strict Chinese Buddhists refrain from eating meat on certain religious days.

Singapore enjoys year-long hot and humid tropical climate. The island nation's landmass of 685 square kilometres could still be growing through land reclamation. Urbanization has reduced farming land to less than 3% of total landmass. The country's population density of 6,075 people per square kilometre is one of the highest in Asia. Over 94% of the inhabitants live in high-rise apartments owned and managed by the government. The country exercises strict environmental and security laws.

Formerly a British Crown colony, Singapore is a parliamentary democracy led by the People's Action Party (PAP), which has dominated politics in the country since it achieved full independence in 1965. Between 1963 and 1965, Singapore was briefly part of the Federation of Malaya, Sarawak and Borneo (Sabah).

In 2002, Singapore's gross domestic product (GDP) of US\$93 billion implies GDP per capita of US\$22,240. The country expects GDP growth ranging from 0% to 1% this year to improve to 3% in 2004. The official reserves stood at US\$82 billion as of end 2002.

Singapore has a highly industrialised economy and operates one of the world's busiest ports that represent the gateway to Southeast Asia. Singapore is the easiest Asian country to get around, given the country's massive investments in transportation infrastructure. Singapore is exceptionally dependent on trade. The total value of trade in goods (exports plus imports) was equivalent to 273% of GDP in 2002. Total imports US\$120 billion comprise mainly machinery and equipment, mineral fuels, chemicals and foodstuff. Total exports US\$129 billion consist primarily of machinery and equipment, electronics, consumer goods, chemicals and mineral fuels.

II. Market Sector Opportunities and Threats

Market Size

An estimated 50,000 Singaporeans and expatriates in Singapore consumed an estimated S\$8 million worth of organic food in 2002¹. The figure excludes non-edible organic products, which are also retailed in Singapore. Demand is expected to grow by an estimated 20% a year, with historical annual growth rates in excess of 20%. Expatriate communities comprising Western and Japanese professionals and their families living in Singapore form a stable base of organic food consumers. In particular, Japanese housewives tend to buy Japanese products due to reasons such as familiarity and language.

Singaporeans are also emerging as a growing force in eating organic food for a variety reasons. Many come from the affluent, sophisticated class that has adopted the lifestyle of total well-being. Eating organic and other healthy food thus completes such lifestyle that includes regular exercise, yoga, meditation, massage and spa treatment.

Others buy organic food for medical reasons. Consumers develop allergies due to unbalanced diet, and irregular eating hours, in the case of busy professionals. Families with family members who are inflicted with or recovering from major illnesses such as cancer are also turning to organic food. Curious consumers, who are irregular buyers of organic food, are willing to try the rising trend of eating organic food. The outbreak of Severe Acute Respiratory Syndrome (SARS)

¹ The figure is estimated by interviewing with industry trade respondents and by checking selected audited revenues of wholesale and retail organic food companies.

momentarily increased demand not only for organic food, but also for herbs, vitamins and other health supplements.

Consumer Patterns

Consumer groups in Singapore can be classified according to their unique tastes:

- Well-informed and health conscious middle- to upper-class Singaporeans purchase organic products for medical reasons or as they adopt the lifestyle towards total well-being. These consumers are more likely to purchase organic products that fit into or complement the local diet, instead of foreign foods they are not familiar with. A key example is organic brown rice.
- Expatriates from North America, Europe, Australia and New Zealand, and Japan in particular, who consume familiar products such organic cider vinegar and herbal teas.
- Singaporeans love eating out, as cooked food tends to be affordable from the regular food markets commonly found everywhere with sizeable population of housing dwellers or office workers.
- Busy professionals and expatriates also buy processed food out of convenience. Such food includes ready-to-cook or ready-to-heat rice products, pasta, noodles and pour-over sauces.

Restaurants and Hotels

Major hotels contacted do not serve cooked organic food. Only a handful of specialty vegetarian restaurants serve organic food.

Popular Types of Organic Food

Organic food is clearly labeled “organic” to differentiate from non-organic equivalent. Popular organic items include brown rice, whole grains, basic cereals such as raw oats and bran, and vegetables and fruits. Brown rice is the most popular, as rice is a key staple in the Asian diet. Organic vegetables and fruits also tend to be popular for similar reason.

Top selling brands cited by our trade correspondents include Nature’s Path and Imagine Food, both from the United States, while brands from the United Kingdom and Australia are increasingly popular.

Limiting Factors

In the absence of pesticides and preservatives, organic food lasts between 6 and 18 months, hence are sold in small packages. Refrigeration may extend the shelf life by several months. Given such limited shelf life, wholesalers and retailers may be discouraged to shoulder such inventory risks.

Overall, organic food is priced at a premium ranging from 100% to 300%, including all middlemen mark-ups, compared to the non-organic equivalent. Yields of organic produce tend to be lower in the absence of using pesticides and other chemicals. Given such price premium, the mass consumers tend to avoid buying the expensive organic food, unless consuming such food has become an integral part of their “total wellness” lifestyle or due to medical reasons.

In addition to the lack of range of organic products that are imported into the country, awareness of the availability and the benefits of eating organic food may not be as high as claimed by trade respondents. Consumers tend to be satisfied with buying what is deemed as fresh food from grocery stores. The trend is underscored by Singapore’s Health Promotion Board declaration that organic food offers no nutritional advantages over non-organic equivalent². The Agri-Food & Veterinary Authority of Singapore (AVA) insures the safety and quality of food imported into the country, thereby alleviating concerns of the masses eating non-organic food.

Singaporeans tend to eat out often, but may not have access to cooked organic food due to the dearth of organic food restaurants.

Opportunities

- Singaporeans consume less than 0.1% of total global demand for organic food. Several trade respondents felt that many leading US brands are still missing in the shelves of organic food stores.
- Gluten and wheat-free organic food has often been cited as products with good growth potential. This is due to a growing number of consumers who have developed allergies to certain food ingredients.
- Other than brown rice, authentic Asian organic processed foods such as noodles, organic seafood and some varieties of organic cereal flours also represent growth opportunities. Most pre-cooked organic food tends to be Western or vegetarian, which appeals to the minority groups in Singapore. Organic products such as rice noodles, sugar and coffee from Thailand, Myanmar and Laos are available in Singapore. US manufacturers offer limited selection of Asian-flavored sauces and oil such as salad dressings, ketchup, tamarind sauce and sesame seed oil.
- To encourage increased consumption of organic food, the premium over non-organics should be kept below 50%.

Entry Strategies

- U.S. exporters should develop strong relationships with established importers to tap on the latter’s local knowledge of the market. U.S. exporters should provide as much information as possible on the products that they are trying to sell in Singapore.

² <http://www.hpb.gov.sg/hpb/ere/ere050520.asp>

- Domestic organic farms, which sell fresh produce, could complement the offerings of US exporters.
- Co-sponsoring awareness creation events with their importers, wholesalers and retailers in Singapore will help insure their brands reach out to both current and prospective organic food lovers.
- Packaging should be well labeled, attractively designed and properly sealed so as to attract the attention of consumers and protect the content from Singapore's hot and humid environment.

Distribution Channels & Players

As organic food tends to be more popular among expatriates, specialty retail organic food stores are located in the areas of Orchard Road, Tanglin and Holland Village, home to many expatriate families. These specialty stores tend to carry a wide range of organic products, giving them the one-stop shop advantage. These stores would purchase in sizeable quantities, and then break into smaller packs, which are typically labeled the same original brands. Free home delivery services, on minimum order in several cases, insure loyalty and continued patronage.

In the last two years, Singapore experienced openings and closures of such specialty stores. Several stores that underwent change in management have improved their sales performance. Our trade respondents estimated 30 existing wholesalers and retailers operating in Singapore. Sizeable wholesalers/ retail players tend to generate revenues of approximately S\$3 million a year.

Supermarkets and hypermarkets carry a limited range of organic products, hence they tend to be less popular compared to specialty stores. Recently, this particular channel is trying to beef up its range of organic offerings again. Supermarkets such as Cold Storage, ranked the second largest supermarket chain in Singapore and which caters to expatriates and the middle- to upper-class Singaporeans, have re-entered the organic food business. Cold Storage distributes primarily Waitrose organic products from the UK, with limited varieties of other brands from other countries. NTUC FairPrice, which is Singapore's largest co-operative supermarket chain that generates annual revenue in excess of S\$1 billion, is also considering retailing organic food.

Organic Online sells organic food through the Internet, and provides delivery to consumers.

Distribution Channel Flow Diagram

Exporter → Importer/Wholesaler → Retail Store, Supermarket & Hypermarket, Restaurants → Consumers

Parallel importing is common. Channel players could play multiple functions. Importers may also function as wholesalers and/or retailers. Wholesalers may run its retail stores, but could also help to push products to help newly set up retail stores.

Selected Wholesale and Retail Organic Food Stores

Company	Address	Tel	Fax	Email	Website
Bee Natural	275 Thomson Road, #01-10, Novena Ville, Singapore 307645	(65) 6251-0311	(65) 6250-0063	bnatural@singnet.com.sg	
Brown Rice Paradise	163 Tanglin Road, #03-15 Tanglin Mall, Singapore 247933	(65) 6738-1121	(65) 6235-6656	brpar@singnet.com.sg	
Eat Organic	182 Bukit Timah Road, Singapore 229853	(65) 6736-4868	(65) 6736-4618	eat_organic@pacific.net.sg	
Essential Living	Block 194, Pandan Loop #01-01 Pantech Industrial Complex, Singapore 128383	(65) 6276-1380	(65) 6276-1370		
Nature's Glory	2315 Outram Road, #11-03, Pan Boon Liat Building, Singapore 169074	(65) 6227-1318	(65) 6227-0868	abound@singnet.com.sg	
Organic Network	19 Bah Soon Pah Road, Singapore 769965	(65) 6754-1957	(65) 6754-1936	organicnetwork@pacific.net.sg	
Organic Online	Block 530, Bedok North Street 3 #12-626, Singapore	(65) 6876-1181		sales@organiconline.com.sg	www.organiconline.com
Organic World Health Enterprise	Block 5 Eunos Crescent #01-2617, Singapore 400005	(65) 6743-1311	(65) 6742-2232		www.organicworld.com.sg/organicworld/index.jsp
Organic Zone Nature Food Enterprise	865 Mountbatten Road, #01-22 Katong Shopping Centre, Singapore 437844	(65) 6345-7446	(65) 6345-3787		
Origins Healthcare	55 Ubi Avenue #08-07, Singapore 408935	(65) 6745-2402	(65) 6745-2243	origins@pacific.net.sg	
Super Nature	21 Orchard Boulevard, #01-21 Park House, Singapore 248645	(65) 6735-4338	(65) 6735-0366	chen19@singnet.com.sg	
The Organic Paradise	160 Orchard Road, #B1-03/04 Orchard Point, Singapore 238842	(65) 6737-1824	(65) 6737-4472	orgpar@singnet.com.sg	

Source: Company Research and Interviews

Domestic Organic Farms

There are four known domestic organic farms that supply an estimated 90 tons of organic vegetables a day. Green Valley Farms is the only farm that is certified by the Biological Farmers of Australia (BFA), and represents one of the newest organic farms in land scarce Singapore. As with the other farms such as Fire Flies Health Farm, Green Circle and Chuan Fa Vegetation Farm, domestically grown organic produce is sold through specialty stores for domestic consumption. Malaysia grows organic vegetables for domestic consumption with some exports to Singapore, while Thailand represents a potential additional source of supply.

Samples of Organic Products Sold In Singapore

Category	Organic Product	Brand	Quantity & package type	Price, S\$	Source
Rice, pulses, flour	Brown rice	Sunlong	1kg per bag	4.14	USA
	Basmati rice	Lotus	500g per bag	9.95	USA
	Risotto (rice)	Lundberg	155g in box	6.01	USA
	Pizza flour mix (wheat- & gluten-free)	Orgran	375g per box	5.96	Germany
	Garbanzo beans	Eden	425g per can	3.74	USA
Fruits, vegetables	Tomatoes	Daisee	200g per bag	3.50	Malaysia
	Aubergine	Daisee	300g per bag	2.25	Malaysia
	Dried apricot	Waitrose	250g per pack	5.65	UK
Cereals, snacks	Cereal	Koala Crisp	600g per box	7.57	USA
	Cashew nuts	Pure Harvest	250g per bag	14.65	Brazil
	Rice cakes	Kallo	130g per box	3.95	Belgium
	Sourdough bread (gluten-free)	Sunnyvale	400g per loaf	12.20	UK
Beverages	Herbal tea	The Koala Tea Co.	20 teabags per box	4.95	Australia
	Peppermint tea	St. Dalfour	25 teabags per box	4.39	Sri Lanka
	Honey	Epicure	454g per bottle	13.25	UK
	Honey	Nuzeabee	500g per bottle	9.65	New Zealand
	Oat drink	Pacific	946ml per carton box	5.91	USA
	Raspberry juice	Mountain Sun	946ml per bottle	7.45	USA

Sauces, soups	Shoyu (soy sauce)	Lotus	250ml per bottle	9.50	Australia
	Apple sauce	Santa Cruz	678g, bottles	8.89	USA
	Tomato paste	Muir Glen	170g per can	2.32	USA
	Creamy tomato soup	Imagine Foods	946ml per carton box	7.02	USA

Source: Company Research

III. Market Access

Singapore Policy

There are no existing standards or plans to establish future certifying bodies for organic food exist in Singapore, aside from the regular policy that governs the safety and quality of food, produce and health products.

However, the Food Control Department of the Ministry of Environment and Consumers Association of Singapore (or CASE) are monitoring the labeling on organic food, with their concern being the health claims made by manufacturers. Specific claims that guarantee cure or symptom alleviation is banned under the current food and drug regulations.

For regulatory purposes, organic products that make health claims are evaluated and categorized as:

- Pharmaceutical products. For example, health supplements fall under the jurisdiction of the Drug Administration Division of the Ministry of Health;
- Foodstuff that fall under the jurisdiction of the Food Control Department of the Ministry of Environment.

Products categorized as pharmaceuticals will be under strict regulations with regards to sale and promotion, while health claims on product packaging is banned in foodstuff. Meat, fish, fruits and vegetables, both organic and non-organic, are regulated by the AVA.

Food Labeling Laws

AVA requires food exporters into Singapore to clearly label their products that specify the basic information such as:

- Names and addresses of manufacturer and importer
- Ingredients
- Weight
- Dates of manufacture and expiry

Although not required by law in Singapore, most organic food labels also contain the logos of certification of organic food.

Key Contacts and Further Information

Name	Address	Telephone	Facsimile	E-mail	Website
The Agricultural Affairs Office, USDA	27 Napier Road, Singapore 258508	(65) 64769120	(65) 64769517	ato_sing@pacific.net.sg	http://singapore.usembassy.gov/embassy/offices/ato.shtml
Agri-Food & Veterinary Authority of Singapore (AVA)	5 Maxwell Road, #01-01 Tower Block MND Complex, Singapore 069110	(65) 6325-7625	(65) 6325-7677	LIM-LOW_Meow_Huay@ava.gov.sg	www.ava.org.sg
Health Promotion Board	3, Second Hospital Avenue, Singapore 168937	(65) 6435-3500	(65) 6438-3848	hpb_mailbox@hpb.gov.sg	http://www.hpb.gov.sg
Food Control Department, Ministry of Environment	Environment Building, 40 Scotts Road #24-00, Singapore 228231	(65) 6325-8582		chu_sinj@ava.gov.sg	www.env.gov.sg
Natural Products - Organic Asia (Exhibit organizer)	205 Henderson Road, #03-01 Henderson Industrial Park, Singapore 159543	(65) 6275-7125	(65) 6275-2384	enquiry@npoasia.com	www.npoasia.com
Consumers Association of Singapore (CASE)	170 Ghim Moh Road, Ulu Pandan Community Building, #05-01 Singapore 279621	(65) 6463-6678	(65) 6467-9055	admin@case.org.sg	www.case.org.sg

End of report